



# Worcester Central School District

## Long Range Financial Analysis

Data Driven Fiscal Planning



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*June 2021*

*School District:*

*Finance*

*Strategic Plans*

*Leadership*

*Educational Development*

*R. G. Timbs, Inc. is Registered with:*



## Data Sources:

- State Aid Data form the State Education Department (SED)(NYSED)
- District Submissions to SED of the Form ST-3 (3 years prior)
- NYSED website aid calculations
- School District's External Auditor Reports/Recommendations
- Documents of Capital Expenses Consultants of the District
- Buses and Capital Projects Data:
  - Bonds, Bond Anticipation Notes
  - Use of Capital Reserves
  - Debt Service Schedules
  - Related State Aid
- Interviews with the School Business Official(s)
- Examination of Tax Cap Calculations
- Reports of the Comptroller of the State of New York (OSC)
- Projected Teachers Retirement System Rates and Employees Retirement System Rates

**Assumptions**

Revenues:  
 Tax Cap frozen at annual increase to 1.97%  
 State Aid Stable Increase  
 Variable Transportation Aid  
 Building Aid follows Debt Service Schedule\*  
 Federal Aid remains Stable

Expenditures:  
 Follow contractual Obligations  
 No notable changes in staff patterns  
 Stable ERS and TRS increased costs\*

<b>WORCESTER</b>							
<b>5 Year Financial Projections</b>							
<b>Fiscal Year Ending June 30:</b>	<u>Budget 2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	
<b>REVENUES:</b>		1.97%	1.97%	1.97%	1.97%	1.97%	
<b>Real Property Taxes</b>	\$3,481,809	\$3,550,400	\$3,620,343	\$3,691,663	\$3,764,389	\$3,838,547	10.2%
State Aid	\$4,513,145	\$4,659,770	\$4,973,694	\$5,084,760	\$5,195,826	\$5,306,892	17.6%
Building Aid	\$2,023,358	\$2,086,834	\$2,086,834	\$2,086,834	\$2,086,834	\$2,066,169	2.1%
Transportation Aid	\$613,614	\$606,574	\$686,574	\$686,574	\$686,574	\$686,574	11.9%
Federal Aid	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	0.0%
Other	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000	0.0%
<b>Total Revenues</b>	<b>\$10,678,926</b>	<b>\$10,950,578</b>	<b>\$11,414,445</b>	<b>\$11,596,831</b>	<b>\$11,780,623</b>	<b>\$11,945,182</b>	<b>11.9%</b>

	2020-21		2021-22		
	Worcester	472506	Worcester	472506	
4/6/2021		4/6/2021		Difference	
E(FA0198) 00 2020-21 FOUNDATION AID	\$3,868,533	E(FA0198) 00 2020-21 FOUNDATION AID	\$3,984,588	\$116,055	3.00%
FULL DAY K CONVERSION	\$0	FULL DAY K CONVERSION	\$0	\$0	
UNIVERSAL PRE-KINDERGARTEN	\$76,781	UNIVERSAL PRE-KINDERGARTEN	\$76,781	\$0	0.00%
BOCES	\$517,725	BOCES	\$607,713	\$89,988	17.38%
SPECIAL SERVICES	\$0	SPECIAL SERVICES	\$0	\$0	
HIGH COST EXCESS COST	\$143,162	HIGH COST EXCESS COST	\$120,896	(\$22,266)	-15.55%
PRIVATE EXCESS COST	\$36,436	PRIVATE EXCESS COST	\$42,563	\$6,127	
HARDWARE & TECHNOLOGY	\$5,305	HARDWARE & TECHNOLOGY	\$5,263	(\$42)	-0.79%
SOFTWARE, LIBRARY, TEXTBOOK	\$22,370	SOFTWARE, LIBRARY, TEXTBOOK	\$24,824	\$2,454	10.97%
TRANSPORTATION INCLUDING SUMMER	\$532,293	TRANSPORTATION INCLUDING SUMMER	\$686,574	\$154,281	28.98%
BUILDING + BLDG REORG INCENTIVE	\$2,091,366	BUILDING + BLDG REORG INCENTIVE	\$2,103,771	\$12,405	0.59%
OPERATING REORG INCENTIVE	\$0	OPERATING REORG INCENTIVE	\$0	\$0	
CHARTER SCHOOL TRANSITIONAL	\$0	CHARTER SCHOOL TRANSITIONAL	\$0	\$0	
ACADEMIC ENHANCEMENT	\$0	ACADEMIC ENHANCEMENT	\$0	\$0	
HIGHT TAX AID	\$0	HIGHT TAX AID	\$0	\$0	
SUPPLEMENTAL PUBLIC EXCESS COST	\$0	SUPPLEMENTAL PUBLIC EXCESS COST	\$0	\$0	
PANDEMIC ADJUSTMENT	(\$164,359)	PANDEMIC ADJUSTMENT	\$0	\$164,359	-100.00%
<b>TOTAL</b>	<b>\$7,129,612</b>	<b>TOTAL</b>	<b>\$7,652,973</b>	<b>\$523,361</b>	<b>7.34%</b>
STATE AID WITHOUT UPK	\$7,052,831	STATE AID WITHOUT UPK	\$7,576,192	\$523,361	7.42%
STATE AID WITHOUT PANDEMIC ADJUSTMENT	\$7,293,971	STATE AID WITHOUT PANDEMIC ADJUSTMENT	\$7,652,973	\$359,002	4.92%
STATE AID WITHOUT PANDEMIC ADJUSTMENT & UPK	\$7,217,190	STATE AID WITHOUT PANDEMIC ADJUSTMENT & UPK	\$7,576,192	\$359,002	4.97%
CRRSA 90% ESSER + BASE ALLOCATION		CRRSA 90% ESSER + BASE ALLOCATION	\$490,614		
AMERICAN RESCUE PLAN		AMERICAN RESCUE PLAN	\$1,811,304		
				INCREASE	Years
		Hypothetical Underfunded 2020-21 83.5%	(\$343,705)	\$116,055	-3.0
		Hypothetical Underfunded 2021-22 87.8%	(\$227,650)	(\$113,825)	



Total Revenues		\$10,678,926	\$10,950,578	\$11,416,675	\$11,601,291	\$11,787,313	\$11,954,102	11.9%
EXPENSES:		Budget 2021	2022	2023	2024	2025	2026	
General Support								
Salaries		\$503,064	\$521,017	\$535,147	\$549,702	\$564,693	\$580,134	15.3%
Other		\$801,400	\$803,157	\$815,220	\$827,525	\$840,075	\$852,877	6.4%
Instruction								
Salaries		\$2,826,919	\$2,854,933	\$2,928,281	\$3,003,829	\$3,081,644	\$3,161,793	11.8%
Other		\$2,036,336	\$2,031,993	\$2,068,633	\$2,106,006	\$2,144,126	\$2,183,008	7.2%
Transportation								
Salaries		\$441,152	\$447,703	\$458,134	\$468,878	\$479,944	\$491,342	11.4%
Other		\$139,722	\$132,043	\$134,284	\$136,570	\$138,901	\$141,279	1.1%
Employee Benefits								
Retirement		\$453,000	\$469,842	\$435,489	\$447,954	\$460,792	\$474,016	4.6%
Social Security		\$301,022	\$304,734	\$319,999	\$327,714	\$335,660	\$343,845	14.2%
Workers' Compensation		\$33,182	\$35,227	\$35,932	\$36,650	\$37,383	\$38,131	14.9%
Health		\$1,393,852	\$1,399,951	\$1,425,950	\$1,465,729	\$1,506,701	\$1,548,902	11.1%
Other		\$68,205	\$71,103	\$71,634	\$72,170	\$72,712	\$73,259	7.4%
Debt Service:								
Buildings -	Principal	\$1,625,000	\$1,710,000	\$1,780,000	\$1,845,000	\$1,930,000	\$1,995,000	22.8%
	Interest	\$748,944	\$658,569	\$593,719	\$524,519	\$438,456	\$348,056	-53.5%
Buses & Other -	Principal	\$169,158	\$179,256	\$157,000	\$95,000	\$80,000	\$78,000	-53.9%
	Interest	\$10,970	\$9,050	\$7,129	\$4,903	\$7,288	\$7,630	-30.4%
RAN/TAN -	Interest	\$0	\$0	\$0	\$0	\$0	\$0	
Interfund Transfers (Cafe, 4408)		\$72,000	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000	0.0%
Total Expenses		\$11,623,926	\$11,700,578	\$11,838,551	\$11,984,147	\$12,190,375	\$12,389,272	6.6%
Adjustments (Carry Over, etc.)		\$1,005,694	\$1,005,694	\$1,005,694	\$1,005,694	\$1,005,694	\$1,005,694	
Adjustments Use of Reserves		\$300,160	\$0	\$0	\$0	\$0	\$0	
Assigned Appropriated Fund Balance		\$750,000	\$424,107	\$387,316	\$409,752	\$444,090	\$444,090	
Unassigned Fund Balance		\$468,023	\$473,542	\$479,366	\$487,615	\$495,571	\$495,571	
Reserved Fund Balance		\$2,356,592	\$2,932,661	\$3,545,215	\$4,132,909	\$4,686,557	\$5,248,162	
Total Fund Balance June 30		\$3,574,616	\$3,830,310	\$4,411,897	\$5,030,275	\$5,626,218	\$6,187,822	
Revenue to Expenditure Difference		(\$945,000)	(\$750,000)	(\$424,107)	(\$387,316)	(\$409,752)	(\$444,090)	

Fiscal Year Ending						
June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Transporation Aid</u>	<u>Total Local Share</u>	<u>Bus Purchases</u>
2021	\$ 179,158	\$ 7,588	\$ 186,746	\$ 124,286	\$ 62,460	\$124,000 BOND
2022	179,256	9,050	188,306	129,559	58,747	\$174,000 BOND
2023	157,000	7,129	164,129	118,522	45,608	\$107,000 BOND
2024	95,000	4,903	99,903	105,893	(5,991)	\$70,000 BOND
2025	80,000	7,288	87,288	90,220	(2,933)	\$170,000 BOND
2026	78,000	7,630	85,630	101,252	(15,622)	\$88,000 BOND
2027	115,000	9,281	124,281	95,580	28,702	\$135,000 BOND
2028	105,000	6,000	111,000	89,421	21,579	
2029	60,000	2,850	62,850	72,635	(9,785)	
2030	35,000	1,050	36,050	61,654	(25,604)	
2031	-	-	-	34,984	(34,984)	
2032	-	-	-	21,179	(21,179)	
Totals	\$1,083,414	\$62,769	\$1,146,183	\$1,045,184	\$100,999	

<b>WORCESTER</b>				
<b>Analysis of Fund Balances and Reserves</b>				
	June 2018	June 2019	June 2020	June 2021
<b>Restricted Fund Balance:</b>				
Workers' Compensation Reserve	\$0	\$0	\$0	\$0
Unemployment Insurance Reserve	\$76,281	\$76,296	\$76,311	\$76,327
Reserve for Retirement Contributions	\$506,294	\$456,393	\$406,483	\$556,583
Reserve for Retirement Contributions TRS	\$0	\$0	\$0	\$50,000
Reserve for Property Loss	\$25,627	\$25,633	\$25,638	\$25,644
Reserve for Liability Claims	\$0	\$0	\$0	\$0
Insurance Reserve	\$25,627	\$25,633	\$25,638	\$25,644
Reserve for Tax Certiorari	\$10,010	\$10,012	\$10,014	\$10,016
Reserve for Employee Benefits and Accrued Liabilities	\$131,204	\$131,230	\$131,256	\$231,286
Capital Reserve New Construction (Amount=\$X,000,000) Date:	\$68,017	\$68,031	\$68,044	\$68,044
Capital Reserve Transportation & Vehicles (Amount=\$X,000,000) Date:	\$0	\$0	\$0	\$0
Reserve for Repairs	\$0	\$0	\$0	\$0
Reserve for Debt	\$0	\$0	\$0	\$0
Other Restricted Fund Balance	\$0	\$0	\$0	\$0
<b>Total Restricted Fund Balance</b>	\$843,060	\$793,228	\$743,384	\$1,043,544
<b>RPT Law §1318 Allowance 4%</b>	\$455,913	\$465,121	\$464,957	\$468,023
<b>Difference (Over/Under)</b>	(\$491,660)	(\$626,082)	(\$1,060,421)	\$0
<b>Total Unassigned (cash on hand) %</b>	<b>8.3%</b>	<b>9.4%</b>	<b>13.1%</b>	<b>4.0%</b>

Worcester Central School District					
Analysis of Budgeted and Actual Tax Expenditures and Revenues					
For the 2016 through 2020 Fiscal Years					
	2016	2017	2018	2019	2020
<b><u>EXPENSES:</u></b>					
Approved General Fund Budget	\$10,909,004	\$9,424,168	\$11,256,480	\$11,439,829	\$11,628,019
Modifications	\$149,152	\$578,442	\$101,903	\$19,878	\$4,725
Modified Budget per ST-3 Form:	\$11,058,156	\$10,002,610	\$11,358,383	\$11,459,707	\$11,632,744
Actual Expenditures per ST-3 Form:	\$10,106,271	\$8,960,172	\$10,760,541	\$10,495,374	\$10,241,744
Year End Encumbrances	\$2,414	\$89,528	\$11,886	\$4,725	\$0
Expenditure Variance	\$949,471	\$952,910	\$585,956	\$959,608	\$1,391,000
Percent of Modified Budget	8.6%	9.5%	5.2%	8.4%	12.0%
<b><u>REVENUES:</u></b>					
Budgeted Revenues	\$9,884,004	\$9,207,606	\$10,231,480	\$10,454,829	\$10,683,019
Modifications	\$5,877	\$120,110	\$7,472	\$6,167	\$0
Modified Revenue per ST-3 Form	\$9,889,881	\$9,327,716	\$10,238,952	\$10,460,996	\$10,683,019
Actual Revenues per ST-3 Form	\$9,995,496	\$9,405,641	\$10,332,849	\$10,546,736	\$10,666,621
Revenue Variance	\$105,615	\$77,925	\$93,897	\$85,740	(\$16,398)
Percent of Modified Budget	1.1%	0.8%	0.9%	0.8%	-0.2%
<b><u>Modified to Modified Summary</u></b>	\$1,055,086	\$1,030,835	\$679,853	\$1,045,348	\$1,374,602
<b><u>Actual to Actual SUMMARY:</u></b>					
Actual Expenditures per ST-3 Form:	\$10,106,271	\$8,960,172	\$10,760,541	\$10,495,374	\$10,241,744
Actual Revenues per ST-3 Form	\$9,995,496	\$9,405,641	\$10,332,849	\$10,546,736	\$10,666,621
Difference Revenues to Expenditures	(\$110,775)	\$445,469	(\$427,692)	\$51,362	\$424,877
<b><u>Assigned Appropriated Fund Balance</u></b>	\$1,025,000	\$216,562	\$1,025,000	\$985,000	\$945,000



## RECOMMENDATIONS

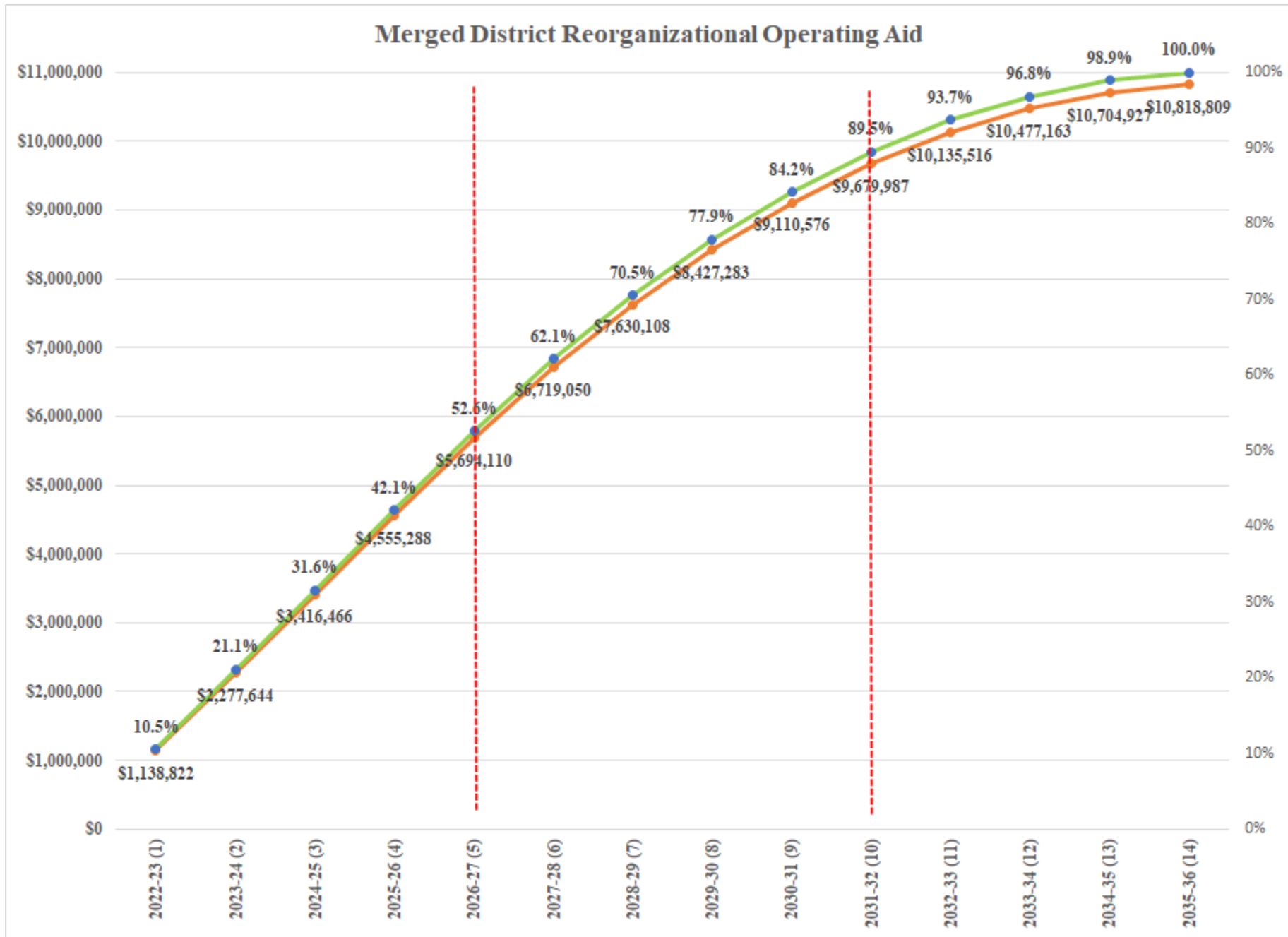
### Carefully Stay the Course... But...

1. Maintain a stable the budget by tracking expenses:
  - a) Examine 2020-21 budget for sustainability and other issues (Carry Over/Reallocations).
  - b) Budget process is always difficult due to the number of assumptions (Extrapolate cost estimates).
  - c) Maintain adequate cash flow to ensure maintenance of quality educational program.
  - d) Attempts for cost reductions should be examined (those away from student programs first) to mitigate escalation of expenses.
  - e) Reevaluate building use and staff needs. Examine the possibility of attrition and breakage.
  - f) Monitor Long-term expenditures to the financial plan (Bus Purchases...BOND?)
  - g) Beware of possible State Fiscal cliff 2024-25
  
2. Annually reevaluate Reserve and Fund Balance amounts for sustainability and liabilities:
  - a) Further Build Use new TRS Reserve to cover potential escalations in cost
  - b) End the use of ERS to balance the budget
  - c) Further build and Use new Capital Reserves to ensure Building Integrity and Eliminate Tax impact of Capital Construction
  - d) Further build and Use new Capital Reserves to ensure Bus Purchases and Eliminate Tax impact of these periodic expenditures
  
3. Uncertainty with Federal Budget for Title Grants and Impact aid could be problematic.
  - a) Exhibit caution with use of new Federal Funding streams (Fiscal Cliff 2023-24' 2024-25)
  - b) Acknowledge that the Use of Federal Funds may be restrictive in some cases.
  
4. State Aid: Foundation Aid may have increased but will probably ebb; expense driven aid continues in current law.
  
5. Stick to the Tax Cap... it is there for a purpose.

As mentioned frequently in this report, New York State provides significant financial incentives for school districts that merge. In addition to the Building Aid incentives mentioned above, the state also provides reorganization Incentive Operating Aid. This reorganization Incentive Operating Aid formula is based on the 2006-07 Operating Aid for each district. For Schenevus, this Operating Aid is \$1,312,035 and for Worcester, the 2006-07 Operating Aid is \$1,535,020. In calculating the Incentive Operating Aid, the state adds the Operating Aids of the two districts together and then multiplies this aid by 40% for each of the first five years after the merger. Starting in year six, the Incentive Operating Aid decreases by 4% a year for the next nine years until year 15 when the Incentive Operating Aid runs out. Table 7.21 below shows the Incentive Operating Aid that would be paid to the merged district. As can be seen from this table, a merged district of Schenevus and Worcester would generate \$10,818,809 in additional State Aid over the next fourteen years. This Aid is above and beyond all other categories/amounts of State Aid received by the merged district.

<b>Table 7.21 Incentive Operating Aid for Schenevus and Worcester</b>			
<b>Year</b>	<b>Incentive Operating Aid %</b>	<b>Incentive Operating Aid</b>	<b>Half of 1/3 of Incentive to Reduce Taxes Operating Aid</b>
2022-23 (1)	40%	\$1,138,822	\$189,804
2023-24 (2)	40%	\$1,138,822	\$189,804
2024-25 (3)	40%	\$1,138,822	\$189,804
2025-26 (4)	40%	\$1,138,822	\$189,804
2026-27 (5)	40%	\$1,138,822	\$189,804
2027-28 (6)	36%	\$1,024,940	\$170,823
2028-29 (7)	32%	\$911,058	\$151,843
2029-30 (8)	28%	\$797,175	\$132,863
2030-31 (9)	24%	\$683,293	\$113,882
2031-32 (10)	20%	\$569,411	\$94,902
2032-33 (11)	16%	\$455,529	\$75,922
2033-34 (12)	12%	\$341,647	\$56,941
2034-35 (13)	8%	\$227,764	\$37,961
2035-36 (14)	4%	\$113,882	\$18,980
2036-37 (15)	0%	\$0	\$0
	<b>TOTAL</b>	<b>\$10,818,809</b>	<b>\$1,803,135</b>

Reflections  
from the  
Annexation  
Study  
Summarized  
from Data on  
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1. Using funds to pay for transition costs, program enhancements, and starting new programs. There are always costs that exist when two school districts merge. These costs may include starting new academic programs, starting new extra-curricular programs, buying new uniforms, etc. Additionally, the Incentive Operating Aid allows the enlarged district to consider enhancements and additions to instructional staff and equipment to improve teaching and learning opportunities. If the merged district allocates 33.33% of the Incentive Operating Aid for transition costs, Table 7.22 that follows shows that \$3,605,909 will have been devoted to this priority over the first fourteen years of the merger.

Table 7.22		
33.33% Incentive Operating Aid		
Year of Merger	Incentive Operating Aid	Half of Operating Aid
2022-23 (1)	\$379,569	\$189,785
2023-24 (2)	\$379,569	\$189,785
2024-25 (3)	\$379,569	\$189,785
2025-26 (4)	\$379,569	\$189,785
2026-27 (5)	\$379,569	\$189,785
2027-28 (6)	\$341,612	\$170,806
2028-29 (7)	\$303,655	\$151,828
2029-30 (8)	\$265,699	\$132,850
2030-31 (9)	\$227,742	\$113,871
2031-32 (10)	\$189,785	\$94,893
2032-33 (11)	\$151,828	\$75,914
2033-34 (12)	\$113,871	\$56,936
2034-35 (13)	\$75,914	\$37,957
2035-36 (14)	\$37,957	\$18,979
2036-37 (15)	\$0	\$0
<b>TOTAL</b>	<b>\$3,605,909</b>	<b>\$1,802,955</b>

In calculating the financial impact of these items, some assumptions are made:

1. The savings due to budget efficiencies have been increased annually by 2%.
2. The savings that are realized from the reduction of teaching positions and restructuring the administrative staff as well as the additional costs for leveling up teacher salaries have all been increased by 2% annually.
3. The loss of BOCES Aid has also been increased by 2% annually to match the corresponding increase in expense reflected in the budget efficiencies.

Table 7.26 that follows provides a complete look at the financial impact of the merger based on the above assumptions.

**Table 7.26 - Summary Financial Analysis for the Merged District  
(33% Incentive Aid Applied)**

Year	33.3% Incentive Operating Aid	Additional Building Aid	* Annual Staff Reductions & Savings	Additional Transportation Aid	Budget Efficiencies		Loss of BOCES Aid	Additional Transportation Shuttle Costs	*Leveling Up of Teacher Salaries and Benefits	Total	Additional Funds Without Merger Aid Component	Loss of Funds & Increased Costs	Half the Amount of Net	Half of 33.3% Incentive Operating Aid	Total Expense Savings Plus Inflation & Cost Escalations
2022-23 (1)	\$379,569	\$3,277	\$490,656	\$0	\$267,466		\$147,365	\$81,585	\$169,472	\$742,547	\$761,399	\$398,422	(\$181,489)	(\$189,785)	(\$376,718)
2023-24 (2)	\$379,569	\$3,290	\$500,469	\$73,427	\$272,815		\$150,312	\$83,217	\$172,861	\$823,180	\$850,001	\$406,390	(\$221,806)	(\$189,785)	(\$418,244)
2024-25 (3)	\$379,569	\$3,259	\$510,479	\$74,895	\$278,272		\$153,319	\$84,881	\$176,319	\$831,955	\$866,905	\$414,519	(\$226,193)	(\$189,785)	(\$422,763)
2025-26 (4)	\$379,569	\$3,300	\$720,121	\$76,393	\$283,837		\$156,385	\$86,579	\$179,845	\$1,040,411	\$1,083,651	\$422,809	(\$330,421)	(\$189,785)	(\$530,118)
2026-27 (5)	\$379,569	\$3,288	\$734,523	\$77,921	\$289,514		\$159,513	\$88,310	\$183,442	\$1,053,551	\$1,105,246	\$431,265	(\$336,991)	(\$189,785)	(\$536,885)
2027-28 (6)	\$341,612	\$3,299	\$749,214	\$79,479	\$295,304		\$162,703	\$90,076	\$187,111	\$1,029,019	\$1,127,296	\$439,890	(\$343,703)	(\$170,806)	(\$524,820)
2028-29 (7)	\$303,655	\$3,023	\$764,198	\$81,069	\$301,210		\$165,957	\$91,878	\$190,853	\$1,004,468	\$1,149,500	\$448,688	(\$350,406)	(\$151,828)	(\$512,746)
2029-30 (8)	\$265,699	\$3,010	\$779,482	\$82,690	\$307,234		\$169,276	\$93,716	\$194,670	\$980,453	\$1,172,416	\$457,662	(\$357,377)	(\$132,850)	(\$500,948)
2030-31 (9)	\$227,742	\$3,011	\$795,072	\$84,344	\$313,379		\$172,662	\$95,590	\$198,563	\$956,733	\$1,195,806	\$466,815	(\$364,496)	(\$113,871)	(\$489,301)
2031-32 (10)	\$189,785	\$3,027	\$810,973	\$86,031	\$319,647		\$176,115	\$97,502	\$202,535	\$933,311	\$1,219,678	\$476,152	(\$371,763)	(\$94,893)	(\$477,808)
2032-33 (11)	\$151,828	\$2,100	\$827,193	\$87,751	\$326,040		\$179,637	\$99,452	\$206,585	\$909,237	\$1,243,084	\$485,674	(\$378,705)	(\$75,914)	(\$465,980)
2033-34 (12)	\$113,871	\$0	\$843,737	\$89,506	\$332,560		\$183,230	\$101,441	\$210,717	\$884,287	\$1,265,803	\$495,388	(\$385,208)	(\$56,936)	(\$453,699)
2034-35 (13)	\$75,914	\$0	\$860,611	\$91,297	\$339,212		\$186,894	\$103,470	\$214,931	\$861,738	\$1,291,120	\$505,295	(\$392,913)	(\$37,957)	(\$442,657)
2035-36 (14)	\$37,957	\$0	\$877,824	\$93,123	\$345,996		\$190,632	\$105,539	\$219,230	\$839,498	\$1,316,943	\$515,401	(\$400,771)	(\$18,979)	(\$431,773)
2036-37 (15)	\$0	\$0	\$895,380	\$94,985	\$352,916		\$194,445	\$107,650	\$223,615	\$817,571	\$1,343,281	\$525,710	(\$408,786)	\$0	(\$421,049)
<b>TOTAL</b>	<b>\$3,605,909</b>	<b>\$33,885</b>	<b>\$11,159,932</b>	<b>\$1,172,910</b>	<b>\$4,625,401</b>		<b>\$2,548,444</b>	<b>\$1,410,883</b>	<b>\$2,930,750</b>	<b>\$13,707,960</b>	<b>\$16,992,128</b>	<b>\$6,890,077</b>	<b>(\$5,051,026)</b>	<b>(\$1,802,955)</b>	<b>(\$7,005,511)</b>
* Assumed 2% annual increase															

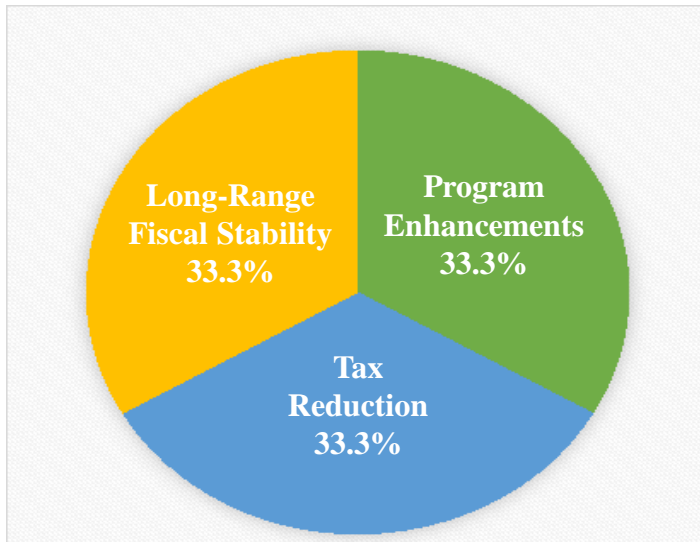
2. Using Aid to fund reserves to ensure the long-term fiscal stability of the merged district; assuming an allocation of 1/3 of Incentive Operating Aid to each of the three priorities, \$379,569 would be available in each of the first five years for developing a long-term financial strategy to fund reserves in a way that would assist in providing long term stability of the merged district’s finances. Starting in year six, and for each year thereafter for the next nine years, the Incentive Operating Aid from the state decreases by 4%. If prudent planning has not been done in advance, this reduction in Incentive Operating Aid will result in significant tax increases for the residents. If the merged district allocates 33.33% of the Incentive Operating Aid for long term fiscal stability, Table 7.23 that follows shows that \$3,605,909 will have been devoted to this priority over the first fourteen years of the merger.

**Table 7.23**  
**33.33% Incentive Operating Aid**

Year of Merger		Incentive Operating Aid	Half of Operating Aid
2022-23	(1)	\$379,569	\$189,785
2023-24	(2)	\$379,569	\$189,785
2024-25	(3)	\$379,569	\$189,785
2025-26	(4)	\$379,569	\$189,785
2026-27	(5)	\$379,569	\$189,785
2027-28	(6)	\$341,612	\$170,806
2028-29	(7)	\$303,655	\$151,828
2029-30	(8)	\$265,699	\$132,850
2030-31	(9)	\$227,742	\$113,871
2031-32	(10)	\$189,785	\$94,893
2032-33	(11)	\$151,828	\$75,914
2033-34	(12)	\$113,871	\$56,936
2034-35	(13)	\$75,914	\$37,957
2035-36	(14)	\$37,957	\$18,979
2036-37	(15)	\$0	\$0
<b>TOTAL</b>		<b>\$3,605,909</b>	<b>\$1,802,955</b>

3. Using funds to reduce taxes. In each of the first five years, \$379,569 would be used to reduce the local tax levy. Starting in year six, this amount would decrease as described above. Table 7.24 that follows shows the effect of applying 1/3 of the Incentive Operating Aid to reduce local taxes. In this example, both districts would see a reduction to the current tax rate on true value

Schenevus CSD and Worcester CSD Annexation Study: Page 113



**Table 7.24**  
**Impact of 33.3% Incentive Operating Aid on True Tax Rate**

Year of Merger	Full Value Property Wealth	Tax Levy w/o IOA	True Value	Incentive Operating Aid	Tax Levy with IOA	True Value Tax Rate with IOA	Change in Tax Rate from Merged District Tax Rate
2022-23 (1)	\$383,635,592	\$7,289,769	\$19.00	\$379,569	\$6,910,199	\$18.01	(\$0.99)
2023-24 (2)	\$391,308,303	\$7,435,564	\$19.00	\$379,569	\$7,055,995	\$18.03	(\$0.97)
2024-25 (3)	\$399,134,469	\$7,584,275	\$19.00	\$379,569	\$7,204,706	\$18.05	(\$0.95)
2025-26 (4)	\$407,117,159	\$7,735,961	\$19.00	\$379,569	\$7,356,391	\$18.07	(\$0.93)
2026-27 (5)	\$415,259,502	\$7,890,680	\$19.00	\$379,569	\$7,511,111	\$18.09	(\$0.91)
2027-28 (6)	\$423,564,692	\$8,048,494	\$19.00	\$341,612	\$7,706,881	\$18.20	(\$0.81)
2028-29 (7)	\$432,035,986	\$8,209,463	\$19.00	\$303,655	\$7,905,808	\$18.30	(\$0.70)
2029-30 (8)	\$440,676,706	\$8,373,653	\$19.00	\$265,699	\$8,107,954	\$18.40	(\$0.60)
2030-31 (9)	\$449,490,240	\$8,541,126	\$19.00	\$227,742	\$8,313,384	\$18.50	(\$0.51)
2031-32 (10)	\$458,480,045	\$8,711,948	\$19.00	\$189,785	\$8,522,164	\$18.59	(\$0.41)
2032-33 (11)	\$467,649,645	\$8,886,187	\$19.00	\$151,828	\$8,734,359	\$18.68	(\$0.32)
2033-34 (12)	\$477,002,638	\$9,063,911	\$19.00	\$113,871	\$8,950,040	\$18.76	(\$0.24)
2034-35 (13)	\$486,542,691	\$9,245,189	\$19.00	\$75,914	\$9,169,275	\$18.85	(\$0.16)
2035-36 (14)	\$496,273,545	\$9,430,093	\$19.00	\$37,957	\$9,392,136	\$18.93	(\$0.08)
2036-37 (15)	\$506,199,016	\$9,618,695	\$19.00	\$0	\$9,618,695	\$19.00	\$0.00

Schenevus CSD and Worcester CSD Annexation Study: Page 115

(\* For Both Merged Districts)



## The Basic Structure of the District's Finances

### What if Scenario... Merger Aid Used per Recommendations in Annexation Study

Fiscal Year Ending June 30:	Budget 2021	2022	2023	2024	2025	2026		
Right Size District/Program	Expense Improvement		(\$376,718)	(\$418,244)	(\$422,763)	(\$530,118)	(\$536,885)	
Build Reserves/Cash/Liabilities	State Aid Improvement		\$189,785	\$379,569	\$379,569	\$379,569	\$379,569	
Immediate Reduction of Taxes	Aid to Supplement Taxes		\$189,804	\$0	\$0	\$0	\$0	

<b>WORCESTER</b>						
<b>5 Year Financial Projections Scenario With Approximated Merger Aid Implications</b>						
Fiscal Year Ending June 30:	2022	2023	2024	2025	2026	
<b>REVENUES:</b>	-5.45%	0.00%	2.00%	2.00%	2.00%	
<b>Real Property Taxes</b>	\$3,292,005	\$3,292,005	\$3,357,845	\$3,425,002	\$3,493,502	0.3%
State Aid	\$4,659,770	\$4,973,694	\$5,084,760	\$5,195,826	\$5,306,892	
Building Aid	\$2,086,834	\$2,086,834	\$2,086,834	\$2,086,834	\$2,066,169	
Transportation Aid	\$606,574	\$686,574	\$686,574	\$686,574	\$686,574	
Federal Aid	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	
Other	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000	
State Aid Improvement	\$189,785	\$379,569	\$379,569	\$379,569	\$379,569	
<b>Total Revenues</b>	<b>\$10,881,968</b>	<b>\$11,465,676</b>	<b>\$11,642,582</b>	<b>\$11,820,805</b>	<b>\$11,979,706</b>	12.2%

## The Basic Structure of the District's Finances

### What if Scenario... Merger Aid Used per Recommendations in Annexation Study

<b><u>EXPENSES:</u></b>		<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	
General Support							
Salaries		\$521,017	\$535,147	\$549,702	\$564,693	\$580,134	
Other		\$803,157	\$815,220	\$827,525	\$840,075	\$852,877	
Instruction							
Salaries		\$2,854,933	\$2,928,281	\$3,003,829	\$3,081,644	\$3,161,793	
Other		\$2,031,993	\$2,068,633	\$2,106,006	\$2,144,126	\$2,183,008	
Transportation							
Salaries		\$447,703	\$458,134	\$468,878	\$479,944	\$491,342	
Other		\$132,043	\$134,284	\$136,570	\$138,901	\$141,279	
Employee Benefits							
Retirement		\$469,842	\$435,489	\$447,954	\$460,792	\$474,016	
Social Security		\$304,734	\$319,999	\$327,714	\$335,660	\$343,845	
Workers' Compensation		\$35,227	\$35,932	\$36,650	\$37,383	\$38,131	
Health		\$1,399,951	\$1,425,950	\$1,465,729	\$1,506,701	\$1,548,902	
Other		\$71,103	\$71,634	\$72,170	\$72,712	\$73,259	
Debt Service:							
Buildings -	Principal	\$1,710,000	\$1,780,000	\$1,845,000	\$1,930,000	\$1,995,000	
	Interest	\$658,569	\$593,719	\$524,519	\$438,456	\$348,056	
Buses & Other -	Principal	\$179,256	\$157,000	\$95,000	\$80,000	\$78,000	
	Interest	\$9,050	\$7,129	\$4,903	\$7,288	\$7,630	
RAN/TAN -	Interest	\$0	\$0	\$0	\$0	\$0	
Interfund Transfers (Cafe, 4408)		\$72,000	\$72,000	\$72,000	\$72,000	\$72,000	
Expense Improvement		(\$376,718)	(\$418,244)	(\$422,763)	(\$530,118)	(\$536,885)	
<b>Total Expenses</b>		<b>\$11,323,861</b>	<b>\$11,420,307</b>	<b>\$11,561,384</b>	<b>\$11,660,257</b>	<b>\$11,852,387</b>	2.0%

## The Basic Structure of the District's Finances

### What if Scenario... Merger Aid Used per Recommendations in Annexation Study

<b>WORCESTER</b>						
<b>5 Year Financial Projections Scenario With Approximated Merger Aid Implications</b>						
Fiscal Year Ending June 30:	2022	2023	2024	2025	2026	
<b>Total Revenues</b>	\$10,881,968	\$11,465,676	\$11,642,582	\$11,820,805	\$11,979,706	12.2%
<b>Total Expenses</b>	\$11,323,861	\$11,420,307	\$11,561,384	\$11,660,257	\$11,852,387	2.0%
Adjustments (Carry Over, etc.)	\$1,005,694	\$1,005,694	\$1,005,694	\$1,005,694	\$1,005,694	
4% of Expenses	\$456,812	\$462,455	\$466,410	\$474,095	\$474,095	

<b>WORCESTER</b>						
<b>5 Year Financial Projections Scenario With Approximated Merger Aid Implications</b>						
Fiscal Year Ending June 30:	2022	2023	2024	2025	2026	
<b>Total Revenues</b>	\$10,881,968	\$11,465,676	\$11,642,582	\$11,820,805	\$11,979,706	12.2%
<b>Total Expenses</b>	\$11,323,861	\$11,420,307	\$11,561,384	\$11,660,257	\$11,852,387	2.0%

Assigned Appropriated Fund Balance	-\$45,369	-\$81,198	-\$160,549	-\$127,319	-\$127,319	
Unassigned Fund Balance	\$456,812	\$462,455	\$466,410	\$474,095	\$474,095	
Reserved Fund Balance	\$3,726,974	\$4,808,223	\$5,970,511	\$7,095,838	\$8,228,851	
<b>Total Fund Balance June 30</b>	<b>\$4,138,417</b>	<b>\$5,189,480</b>	<b>\$6,276,373</b>	<b>\$7,442,615</b>	<b>\$8,575,628</b>	
Revenue to Expenditure Difference	(\$441,893)	\$45,369	\$81,198	\$160,549	\$127,319	
Additional Needed	\$503,107	\$487,262	\$35,829	\$79,350	(\$33,230)	
Cumulative Additional Needed		\$990,369	\$523,091	\$115,180	\$46,120	

Create and Maintain Appropriate Cashflow

Create and Maintain Appropriate Reserves

## The Basic Structure of the District's Finances

### What if Scenario... Merger Aid Used per Recommendations in Annexation Study

Fiscal Year Ending June 30:	Budget 2021	2022	2023	2024	2025	2026
Right Size District/Program	Expense Improvement	(\$376,718)	(\$418,244)	(\$422,763)	(\$530,118)	(\$536,885)
Build Reserves/Cash/Liabilities	State Aid Improvement	\$189,785	\$379,569	\$379,569	\$379,569	\$379,569
Immediate Reduction of Taxes	Aid to Supplement Taxes	\$189,804	\$0	\$0	\$0	\$0

<b>WORCESTER</b>						
<b>5 Year Financial Projections Scenario With Approximated Merger Aid Implications</b>						
Fiscal Year Ending June 30:	2022	2023	2024	2025	2026	
<b>REVENUES:</b>	-5.45%	0.00%	1.00%	1.00%	1.25%	
<b>Real Property Taxes</b>	\$3,292,005	\$3,292,005	\$3,324,925	\$3,358,174	\$3,400,151	-2.3%
State Aid	\$4,659,770	\$4,973,694	\$5,084,760	\$5,195,826	\$5,306,892	
Building Aid	\$2,086,834	\$2,086,834	\$2,086,834	\$2,086,834	\$2,066,169	
Transportation Aid	\$606,574	\$686,574	\$686,574	\$686,574	\$686,574	
Federal Aid	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	
Other	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000	
State Aid Improvement	\$189,785	\$379,569	\$379,569	\$379,569	\$379,569	
<b>Total Revenues</b>	<b>\$10,881,968</b>	<b>\$11,465,676</b>	<b>\$11,609,662</b>	<b>\$11,753,978</b>	<b>\$11,886,355</b>	11.3%

## The Basic Structure of the District's Finances

### What if Scenario... Merger Aid Used per Recommendations in Annexation Study

<b>EXPENSES:</b>		<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	
General Support							
Salaries		\$521,017	\$535,147	\$549,702	\$564,693	\$580,134	
Other		\$803,157	\$815,220	\$827,525	\$840,075	\$852,877	
Instruction							
Salaries		\$2,854,933	\$2,928,281	\$3,003,829	\$3,081,644	\$3,161,793	
Other		\$2,031,993	\$2,068,633	\$2,106,006	\$2,144,126	\$2,183,008	
Transportation							
Salaries		\$447,703	\$458,134	\$468,878	\$479,944	\$491,342	
Other		\$132,043	\$134,284	\$136,570	\$138,901	\$141,279	
Employee Benefits							
Retirement		\$469,842	\$435,489	\$447,954	\$460,792	\$474,016	
Social Security		\$304,734	\$319,999	\$327,714	\$335,660	\$343,845	
Workers' Compensation		\$35,227	\$35,932	\$36,650	\$37,383	\$38,131	
Health		\$1,399,951	\$1,425,950	\$1,465,729	\$1,506,701	\$1,548,902	
Other		\$71,103	\$71,634	\$72,170	\$72,712	\$73,259	
Debt Service:							
Buildings -	Principal	\$1,710,000	\$1,780,000	\$1,845,000	\$1,930,000	\$1,995,000	
	Interest	\$658,569	\$593,719	\$524,519	\$438,456	\$348,056	
Buses & Other -	Principal	\$179,256	\$157,000	\$95,000	\$80,000	\$78,000	
	Interest	\$9,050	\$7,129	\$4,903	\$7,288	\$7,630	
RAN/TAN -	Interest	\$0	\$0	\$0	\$0	\$0	
Interfund Transfers (Cafe, 4408)		\$72,000	\$72,000	\$72,000	\$72,000	\$72,000	
Expense Improvement		(\$376,718)	(\$418,244)	(\$422,763)	(\$530,118)	(\$536,885)	
<b>Total Expenses</b>		<b>\$11,323,861</b>	<b>\$11,420,307</b>	<b>\$11,561,384</b>	<b>\$11,660,257</b>	<b>\$11,852,387</b>	2.0%

## The Basic Structure of the District's Finances

### What if Scenario... Merger Aid Used per Recommendations in Annexation Study

<b>WORCESTER</b>						
<b>5 Year Financial Projections Scenario With Approximated Merger Aid Implications</b>						
Fiscal Year Ending June 30:	2022	2023	2024	2025	2026	
<b>Total Revenues</b>	\$10,881,968	\$11,465,676	\$11,609,662	\$11,753,978	\$11,886,355	11.3%
<b>Total Expenses</b>	\$11,323,861	\$11,420,307	\$11,561,384	\$11,660,257	\$11,852,387	2.0%
Adjustments (Carry Over, etc.)	\$1,005,694	\$1,005,694	\$1,005,694	\$1,005,694	\$1,005,694	
4% of Expenses	\$456,812	\$462,455	\$466,410	\$474,095	\$474,095	

<b>WORCESTER</b>						
<b>5 Year Financial Projections Scenario With Approximated Merger Aid Implications</b>						
Fiscal Year Ending June 30:	2022	2023	2024	2025	2026	
<b>Total Revenues</b>	\$10,881,968	\$11,465,676	\$11,609,662	\$11,753,978	\$11,886,355	11.3%
<b>Total Expenses</b>	\$11,323,861	\$11,420,307	\$11,561,384	\$11,660,257	\$11,852,387	2.0%

Assigned Appropriated Fund Balance	-\$45,369	-\$48,278	-\$93,721	-\$33,968	-\$33,968	
Unassigned Fund Balance	\$456,812	\$462,455	\$466,410	\$474,095	\$474,095	
Reserved Fund Balance	\$3,726,974	\$4,775,303	\$5,870,763	\$6,902,740	\$7,942,402	
<b>Total Fund Balance June 30</b>	<b>\$4,138,417</b>	<b>\$5,189,480</b>	<b>\$6,243,452</b>	<b>\$7,342,867</b>	<b>\$8,382,529</b>	
Revenue to Expenditure Difference	(\$441,893)	\$45,369	\$48,278	\$93,721	\$33,968	
Additional Needed	\$503,107	\$487,262	\$2,909	\$45,442	(\$59,753)	
Cumulative Additional Needed		\$990,369	\$490,171	\$48,352	(\$14,310)	

Create and Maintain Appropriate Cashflow

Create and Maintain Appropriate Reserves

## Key Findings

Under current state and local financial conditions and practice the financial and educational program is sustainable for 5 years.

*(R. G. Timbs, Inc. 2021)*

A merger/annexation based on the Annexation Study offers a promise of:

- An immediate decreased tax burden,
- greater cost efficiencies and savings of current fiscal practice,
- increased program for students,
- greater ability to maintain infrastructure, and the
- ability to stabilize or enhance reserves to protect the district over time against increase costs and liabilities.

*(Castallo & Silky LLC-Education Consultants, 2020)*



# Worcester Central School District

## Long Range Financial Analysis- Questions

Data Driven Fiscal Planning



## Questions?

*Dr. Rick Timbs*

*President / CEO*

*R. G. Timbs, Inc.*

[Expert@rgtimbsinc.net](mailto:Expert@rgtimbsinc.net)

*June 2021*